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OO RUEHCHI RUEHCN RUEHDT RUEHHM  
DE RUEHML #0920/01 1190808  
ZNY CCCCC ZZH  
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FM AMEMBASSY MANILA  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3967  
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS IMMEDIATE  
RHHMUNA/CDRUSPACOM HONOLULU HI IMMEDIATE  
RHEHNSC/NSC WASHDC IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 MANILA 000920

SIPDIS

STATE FOR EAP/MTS

E.O. 12958: DECL: 04/30/2019  
TAGS: [PGOV](#) [PREL](#) [SENV](#) [RP](#)  
SUBJECT: FOREIGN SECRETARY ON PEACE PROCESS, ENVIRONMENTAL  
COOPERATION AND ASEAN

REF: A. MANILA 903 (FOREIGN SECRETARY CONCURS WITH RAPID  
SMITH DEPARTURE)  
[1](#)B. MANILA 902 (SEARCH FOR LAST RED CROSS HOSTAGE  
CONTINUES)  
[1](#)C. MANILA 833 (FOREIGN SECRETARY ON ASEAN BURMA AND  
VFA HEARING)

Classified By: Ambassador Kristie A. Kenney,  
reasons 1.4 (b) and (d).

[1](#)1. (C) During an April 27 private breakfast with the  
Ambassador, Foreign Secretary Alberto Romulo underscored  
President Arroyo's strong interest in meeting President Obama  
to discuss ongoing environmental programs like the Coral  
Triangle Initiative, strengthening ASEAN, supporting change  
in Burma, and advancing the peace process in the southern  
Philippines. Secretary Romulo said he was optimistic that  
peace negotiations between the government and Muslim rebels  
in Mindanao would soon resume, and he suggested that expanded  
U.S. engagement with the rebels could encourage them to be  
more flexible in negotiations. The U.S. should expect an  
increase in anti-U.S. rhetoric channeled toward the Visiting  
Forces Agreement, Romulo speculated, as the Philippines  
enters the unofficial campaign season for the May 2010  
Presidential elections. He emphasized that President Arroyo  
wants to sign a Millennium Challenge Corporation (MCC)  
compact before her term ends next year, but said the MCC's  
perspective on timing was unclear. END SUMMARY.

PRESIDENT ARROYO SEEKS WHITE HOUSE MEETING  
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[1](#)2. (C) President Arroyo is eagerly seeking a meeting with  
President Obama, Foreign Secretary Alberto Romulo relayed to  
the Ambassador during an April 27 breakfast meeting,  
following up on their earlier conversations (ref C). As the  
"environmental champion" in her own administration, Romulo  
said, President Arroyo would like to discuss with President  
Obama the Coral Triangle Initiative of Southeast Asia and its  
importance from a global perspective. Her planned attendance  
at the mid-May Coral Triangle Initiative summit in Indonesia,  
Romulo noted, demonstrates her personal commitment to  
environmental protection, an issue where she feels akin to  
President Obama. President Arroyo would also hope to discuss  
the situation in Burma as well as how the upcoming ASEAN  
Regional Forum humanitarian disaster relief exercise the  
Philippines is co-hosting with the U.S. in May and other  
mechanisms could strengthen ASEAN through increased  
multilateral cooperation. The state of the peace process  
between the Philippine government and the insurgent Moro  
Islamic Liberation Front (MILF) and counter terrorism  
operations in the southern Philippines, Romulo said, would  
also figure in the discussions.

MINDANAO PEACE TALKS AND A HOSTAGE IN SULU  
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13. (C) Expanding on the issue of peace talks, the Philippine government continues to support an immediate return to peace negotiations with the Moro Islamic Liberation Front, Secretary Romulo said, optimistic that formal talks would restart soon. He suggested that expanded U.S. engagement with the MILF could provide a dose of positive encouragement for the rebels to be more flexible in back-channel negotiations and make bolder moves toward restarting the talks. The Ambassador noted that a continued focus on needed development projects in Mindanao could also help keep the peace process moving along. Expressing hope that the last remaining Red Cross hostage of the terrorist Abu Sayyaf Group would be rescued safely and swiftly, the Ambassador encouraged Secretary Romulo to consider how, once the hostage crisis is resolved, the government could restore citizens' confidence in the government's ability to provide security on the island of Jolo (ref B).

ELECTION SEASON: ANTI-U.S. RHETORIC ON THE RISE  
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14. (C) Romulo noted that, given the unofficial start of the campaign season for the May 2010 elections, the U.S. and Philippine governments should prepare for an upswing in anti-U.S. rhetoric from leading Philippine political figures. Philippine Senate hearings on the Visiting Forces Agreement (VFA) in late May, Romulo said, will give Senate presidential candidates a platform to voice their complaints about the nearly 10-year-old agreement, largely as a means to burnish their nationalist credentials in light of the April 23 Court of Appeals acquittal of Lance Corporal Daniel J. Smith.

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Romulo expressed relief about the resolution of the Smith case and thought it appropriate that Smith was quickly moved out of the Embassy after the Court announced its decision to acquit (ref A).

SEEKING AN MCC COMPACT, BUT GETTING MIXED SIGNALS  
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15. (C) President Arroyo wants to sign a Millennium Challenge Corporation (MCC) compact before the end of her term, Secretary Romulo emphasized, but Philippine officials were confused about the MCC's expectations and timeline. MCC officials had discussed with Philippine counterparts the difficulty of signing an MCC compact before the end of President Arroyo's term, but had also mentioned the possibility of an incremental approach that could offer a solution. The Ambassador said these issues could be reexamined upon the return of Philippine Finance Secretary Margarito Teves from his Washington meetings, which included discussions with MCC officials. In the meantime, the Ambassador continued, the Philippines should stay focused on taking concrete steps to meet the required MCC indicator targets, particularly on corruption.

MEMORIAL DAY AND RECOGNITION FOR FILIPINO VETS  
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16. (C) Secretary Romulo thanked the Ambassador for her kind invitation to be the Mission's guest speaker at the annual Memorial Day ceremony held at the Manila American Cemetery and said he would be delighted to participate if his scheduled permitted. The Ambassador noted that, as a strong supporter of U.S. benefits for Filipino war veterans, Romulo must have felt a great sense of pride to see the successful resolution of an issue he spent considerable time pursuing. The Foreign Secretary's presence at the Embassy's annual commemoration of those who gave their lives for their countries, the Ambassador remarked, would therefore be a fitting capstone on this important achievement.

KENNEY